
MARION COUNTY CONSOLIDATION STUDY COMMISSION

Analysis of “Indianapolis Works” Report

November 8, 2005

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EXECUTIVE SUMMARY

Analysis of “Indianapolis Works” Report

PURPOSE:

The purpose of the Analysis of “Indianapolis Works” Report (the “Report”) is to provide information regarding the source data, assumptions, end result financing, and tax effects relative to the Indianapolis Works (“Works”) proposal. In the Report, we have utilized the structure and methodology of the Works proposal, as much as possible, in order to illustrate our adjustments to Works and aid the reader in a straight forward comparison to Works.

GENERAL / PROPERTY TAX EFFECTS:

We find that although the Works proposal shows property tax reductions from its implementation, no property tax reduction is anticipated. Also, we find the result of not providing property tax reductions would cause a \$40.5 million tax shift out of the IPD and IFD areas onto the township areas outside IPD and IFD. Further, we find the graphs and table in the “Property Tax Benefit Section” of Works to not be representative in base data or potential savings.

FIRE AND EMS:

We find that significant data was omitted from the Works proposal thereby under-stating IFD and ambulance costs and over-stating potential savings. Also, we find that the financing model is severely under-funded going forward and depletes approximately \$30 million of township fire fund cash balances in approximately 18 months. Further, we find that the tax rate outcome of a funded financing solution provides tax savings to the IFD area while raising taxes in the township areas outside IFD.

POLICE:

We find that potential savings were overestimated. Also, we find that the consolidated law enforcement tax rate would increase approximately 97% for taxpayers outside the IPD area. Further, we find that the taxpayers outside IPD would be better off by approximately \$10 million annually if \$20 million dollars were spent on the 250 needed sheriff’s deputies.

TOWNSHIPS:

We find it reasonable to expect that the reductions in trustees and township boards could occur at their estimated costs based partly on the footnotes included in the computation. However, the effect is unknown and beyond the scope of this report. Also, we find that the small claims court case analysis does not support the elimination of any administrative personnel. Further, we find that the use of the current township buildings as community resource centers does not allow for potential residual savings. In addition, we find no reasonable expectation that costs would be saved through the consolidation of township assessor functions.

CITY-COUNTY GOVERNMENT:

We find it reasonable to expect that the reductions stated could occur at their estimated costs based partly on the footnotes included in the computation. However, the operational effect on the consolidated organization is unknown and beyond the scope of this report.

GENERAL / PROPERTY TAX EFFECTS:

We find that although the Works proposal shows property tax reductions from its implementation no property tax reduction is anticipated. Following are two questions posed to the City and their respective answers.

Q: INDIANAPOLIS WORKS PROPOSAL:

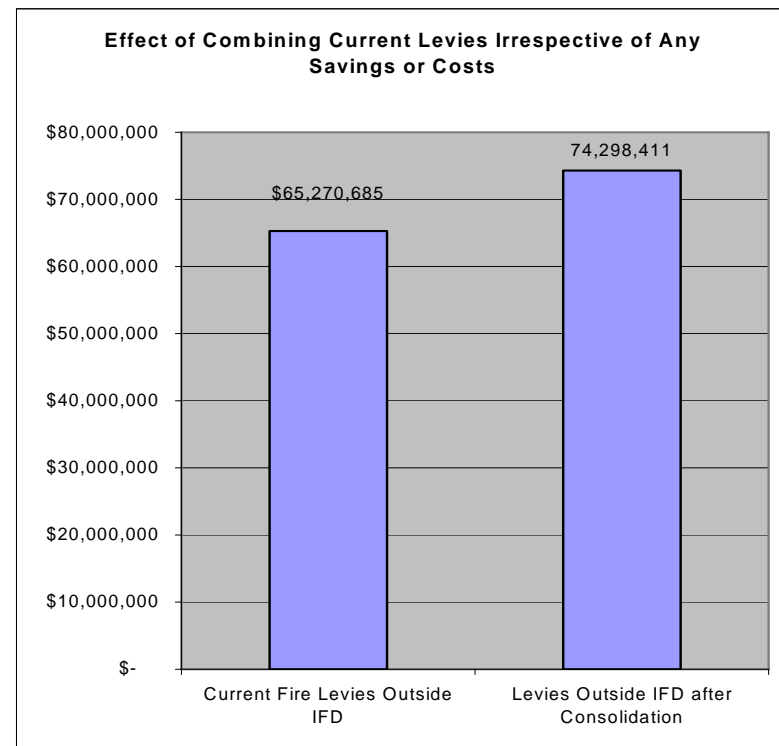
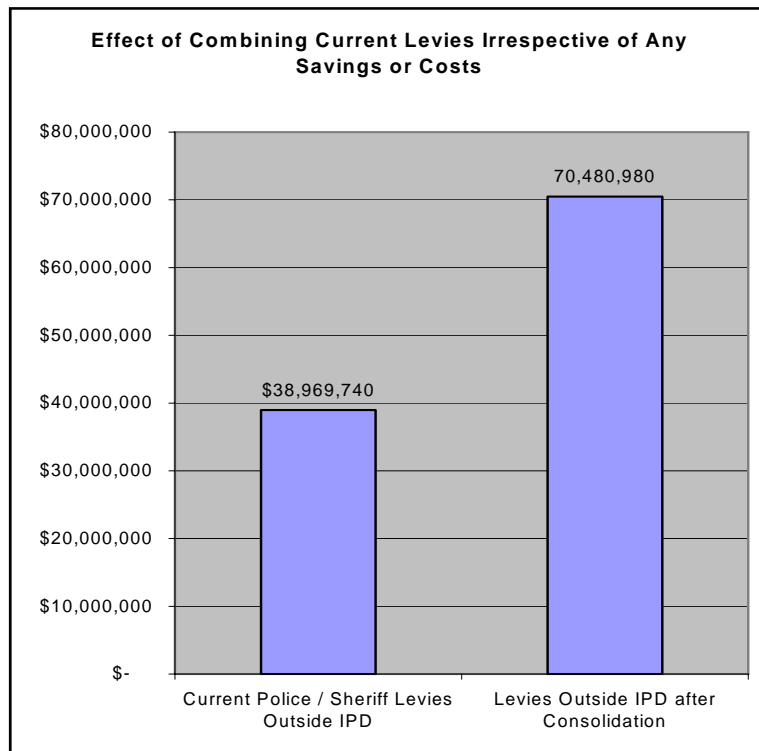
Overall Cost Savings Indianapolis Works will produce at least \$35 million in annual savings... *Will this savings be given as property tax relief?*

A: **The savings will be used as determined by elected officials. The savings would enable the City to avoid reductions in force for IFD and IPD and avoid tax increases. The same would be true for the townships, which would benefit from enhanced fire and law enforcement service without a tax increase.**

Q: Fire Consolidation press release Tuesday, August 31, 2004 “The last section shows the property tax rates for countywide fire service that would result from the \$20.8 million in savings from fire consolidation... *Is the \$20.8 million in savings going to be given back in property tax relief as previously stated and presented in the financial section?*

A: **The report is illustrative. The savings would be used to avoid tax increases and maintain (or enhance in the case of townships) police and fire coverage.**

If property taxes are not reduced upon consolidation, then the existing tax levy would be spread across the tax base identified as the Consolidated City (all Marion County excluding the excluded cities of Beech Grove, Lawrence, Speedway, and Southport). The result would be a \$40.5 million tax shift out of the IPD and IFD areas onto the township areas outside IPD and IFD. It is not possible to raise the same tax levy under a uniform rate on the larger tax base without raising taxes on the areas outside IPD and IFD as those areas have an assessed value approximately twice as large as IPD/IFD.



PROPERTY TAX BENEFITS SHOWN IN WORKS:

The property tax benefits portion of the Works proposal produces three graphs and a table presumably from the results of Works. However, the “Actual 2004 Tax Rates” are not the actual 2004 tax rates charged to taxpayers. The actual 2004 tax rates are listed under the “Abstract” columns and come from the 2004 Marion County Abstract as filed with the Indiana State Auditor. The abstract is the definitive source document for property tax rates charged. Also, included under the “Abstract” columns are the computation of 2004 Taxes based on the assumption contained in Works, which is a \$100,000 homestead with all applicable credits and deductions. The fifth column “Difference in Taxes Paid” shows the difference to the amounts shown in Works. The sixth column, “Pro Forma 2004 Tax Rates”, was included in Works and presumably shows the tax rate after the implementation of Works. Taking the “2004 Pro Forma Tax Rates” from the “Actual 2004 Tax Rates”, per Works, multiplied by the “2004 Abstract AV” divided by 100 would result in the levy reduction for each taxing district, presumably from the implementation of Works. The sum of all the levy reductions total approximately \$50 million which is well in excess of the \$35 million claimed Works savings, even for illustrative purposes. We find that the three graphs and table overestimate any tax benefit, even for illustrative purposes.

INDIANAPOLIS WORKS		Actual per Works		Abstract		Difference in Taxes Paid	Pro Forma		Assumed Levy Reduction
COMPARISON OF ILLUSTRATIVE TAXES PAID		2004	2004	2004	2004		2004	2004	
		Tax Rates	Taxes Paid	Tax Rates	Taxes Paid		Tax Rates	Abstract AV	
		(2)	(1)	(3)					
101	INDIANAPOLIS, CENTER	\$3.6020	\$1,639	3.5514	1,314	(325)	\$3.3629	4,885,883,370	(11,682,147)
102	BEECH GROVE, CENTER	3.9203	1,901	3.8697	1,574	(327)	3.8194	87,221,840	(88,007)
200	DECATUR OUTSIDE	3.1707	1,551	3.1201	1,344	(207)	3.0197	956,292,730	(1,444,002)
201	INDIANAPOLIS, DECATUR	3.5629	1,623	3.5123	1,303	(320)	3.3607	4,788,340	(9,682)
270	INDIANAPOLIS, DECATUR POLICE SSD	3.5329	1,731	3.4823	1,474	(257)	3.2862	52,234,850	(128,863)
274	INDIANAPOLIS, DECATUR POLICE & FIRE SSD	3.5690	1,723	3.5184	1,422	(301)	3.3668	225,210	(455)
300	FRANKLIN OUTSIDE	3.2217	1,614	3.1711	1,409	(205)	3.0782	1,657,589,030	(2,378,640)
302	FRANKLIN, BEECH GROVE	3.8947	1,890	3.8441	1,568	(322)	3.8212	153,711,300	(112,978)
320	BEECH GROVE, FRANKLIN SCHOOLS	3.7970	1,874	3.7464	1,561	(313)	3.7235	11,042,740	(8,116)
376	INDIANAPOLIS, FRANKLIN FIRE SSD	3.2748	1,635	3.2242	1,362	(273)	3.1588	67,660	(78)
382	FRANKLIN, SEWER EXEMPTIONS	3.2217	1,614	3.1711	1,409	(205)	3.0782	9,338,660	(13,401)
400	LAWRENCE OUTSIDE	2.7757	1,308	2.7251	1,101	(207)	2.6886	3,330,771,760	(2,901,102)
401	INDIANAPOLIS, LAWRENCE	3.5563	1,617	3.5057	1,301	(316)	3.3607	450,592,310	(881,359)
407	CITY OF LAWRENCE	3.0445	1,443	2.9939	1,199	(244)	2.9871	1,380,430,090	(792,367)
474	INDIANAPOLIS, LAWRENCE POLICE & FIRE SSD	3.2313	1,520	3.1807	1,234	(286)	3.0357	12,223,600	(23,909)
476	INDIANAPOLIS, LAWRENCE FIRE SSD	2.8691	1,341	2.8185	1,105	(236)	2.7692	1,482,010	(1,481)
500	PERRY OUTSIDE	2.8459	1,347	2.7953	1,140	(207)	2.7283	3,048,420,160	(3,584,942)
501	INDIANAPOLIS, PERRY	3.5590	1,617	3.5084	1,299	(318)	3.3607	130,006,170	(257,802)
502	BEECH GROVE, PERRY	3.8773	1,880	3.8267	1,558	(322)	3.8172	224,127,640	(134,701)
513	CITY OF SOUTHPORT	2.7631	1,281	2.7125	1,059	(222)	2.7030	57,023,410	(34,271)
520	BEECH GROVE, PERRY SCHOOLS	3.4337	1,623	3.3831	1,316	(307)	3.3736	24,673,240	(14,829)
523	TOWN OF HOMECROFT	2.8978	1,356	2.8472	1,122	(234)	2.8377	26,331,270	(15,825)
570	INDIANAPOLIS, PERRY POLICE SSD	3.2081	1,527	3.1575	1,269	(258)	2.9948	112,407,380	(239,765)
574	INDIANAPOLIS, PERRY POLICE & FIRE SSD	3.2737	1,542	3.2231	1,257	(285)	3.0754	158,168,550	(313,648)
576	INDIANAPOLIS, PERRY FIRE SSD	2.9115	1,363	2.8609	1,127	(236)	2.8089	5,339,420	(5,478)
600	PIKE OUTSIDE	2.7080	1,251	2.6574	1,045	(206)	2.6370	4,671,527,820	(3,316,785)
601	INDIANAPOLIS, PIKE	3.5508	1,613	3.5002	1,296	(317)	3.3607	100,084,000	(190,260)
604	TOWN OF CLERMONT	2.8958	1,336	2.8452	1,094	(242)	2.8439	16,837,300	(8,739)
674	INDIANAPOLIS, PIKE POLICE & FIRE SSD	3.1742	1,473	3.1236	1,191	(282)	2.9841	256,742,810	(488,068)
676	INDIANAPOLIS, PIKE FIRE SSD	2.8120	1,293	2.7614	1,062	(231)	2.7176	2,730,210	(2,577)
682	PIKE, SEWER EXEMPTIONS	2.7080	1,251	2.6574	1,045	(206)	2.6370	3,721,030	(2,642)
700	WARREN OUTSIDE	3.3116	1,555	3.2610	1,319	(236)	3.1521	2,452,781,160	(3,912,186)
701	INDIANAPOLIS, WARREN	3.5570	1,617	3.5064	1,299	(318)	3.3607	991,956,510	(1,947,211)
702	BEECH GROVE, WARREN	3.8753	1,880	3.8247	1,559	(321)	3.8172	742,450	(431)
716	WARREN PARK, WARREN	3.3210	1,567	3.2704	1,338	(229)	3.1615	55,027,930	(87,770)
724	CUMBERLAND, WARREN	3.5943	1,678	3.5437	1,384	(294)	3.5362	85,217,660	(49,511)
770	INDIANAPOLIS, WARREN POLICE SSD	3.6738	1,735	3.6232	1,448	(287)	3.4186	566,048,570	(1,444,556)
774	INDIANAPOLIS, WARREN POLICE & FIRE SSD	3.6955	1,725	3.6449	1,414	(311)	3.4992	17,851,830	(35,043)
776	INDIANAPOLIS, WARREN FIRE SSD	3.3333	1,547	3.2827	1,285	(262)	3.2327	540,190	(543)
800	WASHINGTON OUTSIDE	2.3351	1,017	2.2845	809	(208)	2.2815	4,629,256,670	(2,481,282)
801	INDIANAPOLIS, WASHINGTON	3.5600	1,618	3.5094	1,301	(317)	3.3607	2,004,341,130	(3,994,652)
805	CROWS NEST, WASHINGTON	2.3351	1,017	2.2845	809	(208)	2.2815	29,686,040	(15,912)
806	HIGHWOODS, WASHINGTON	2.3351	1,017	2.2845	809	(208)	2.2815	2,779,880	(1,490)
809	NORTH CROWS NEST, WASHINGTON	2.3351	1,017	2.2845	809	(208)	2.2815	7,086,760	(3,799)
811	ROCKY RIPPLE, WASHINGTON	2.5762	1,131	2.5256	884	(247)	2.4726	20,558,920	(21,299)
815	SPRING HILL, WASHINGTON	2.3351	1,017	2.2845	809	(208)	2.2815	11,139,260	(5,971)
817	WILLIAMS CREEK, OUTSIDE	2.4033	1,051	2.3527	833	(218)	2.3497	99,148,260	(53,143)
820	MERIDIAN HILLS, WASHINGTON	2.4075	1,054	2.3569	836	(218)	2.3539	220,748,740	(118,321)
822	WYNNEDALE, WASHINGTON	2.3955	1,050	2.3449	837	(213)	2.3419	19,176,890	(10,279)
874	INDIANAPOLIS, WASHINGTON POLICE & FIRE SSD	2.8279	1,256	2.7773	974	(282)	2.6286	7,528,200	(15,004)
876	INDIANAPOLIS, WASHINGTON FIRE SSD	2.4657	1,078	2.4151	845	(233)	2.3621	582,150	(603)
900	WAYNE OUTSIDE	3.0422	1,448	2.9916	1,230	(218)	2.9384	2,142,515,770	(2,223,931)
901	INDIANAPOLIS, WAYNE	3.5685	1,623	3.5179	1,304	(319)	3.3607	1,206,544,550	(2,507,200)
904	CLERMONT, WAYNE	3.2149	1,524	3.1643	1,273	(251)	3.1453	43,840,140	(30,513)
914	TOWNS OF SPEEDWAY	2.8897	1,251	2.8391	995	(256)	2.8201	748,817,770	(521,177)
930	WAYNE, BEN DAVIS CONSERVANCY	3.2327	1,538	2.9916	1,230	(308)	3.1289	264,486,830	(274,537)
970	INDIANAPOLIS, WAYNE POLICE SSD	3.4044	1,628	3.3538	1,360	(268)	3.2049	274,573,300	(547,774)
974	INDIANAPOLIS, WAYNE POLICE & FIRE SSD	3.4933	1,661	3.4427	1,369	(292)	3.2855	1,534,400	(3,188)
976	INDIANAPOLIS, WAYNE FIRE SSD	3.1311	1,479	3.0805	1,242	(237)	3.0190	146,410	(164)
979	INDIANAPOLIS, WAYNE FIRE SSD & BEN DAVIS CON	3.3216	1,569	3.0805	1,241	(328)	3.2095	225,960	(253)
982	WAYNE, SEWER EXEMPTIONS	3.0422	1,448	2.9916	1,230	(218)	2.9384	291,439,210	<u>(302,514)</u>
									<u>(49,687,177)</u>

FIRE AND EMS CONSOLIDATION:

The fire consolidation portion of the Works proposal computes potential savings and costs of consolidating the Indianapolis Fire Department (IFD) with the 8 township fire departments of Marion County. Works applies the potential savings and costs against the 2004 proposed budgets of IFD and the 8 township fire departments which include EMS, and attempts to extrapolate the potential savings onto the property tax financing structure of the fire departments. However, EMS is integrated into the township fire department budgets on both the expense and revenue sides and must be included in order to make valid comparisons. Measuring savings as the difference between a fire only budget and a combined fire and EMS budget does not produce a meaningful savings number as these two different structures represent an apple and an orange. Therefore, the Wishard ambulance budget and revenues have been added to the IFD budget in order to facilitate the comparisons.

2004 PROPOSED BUDGETS:

Although the Department of Local Government Finance (DLGF) certified budgets are a more definitive source document, the use of proposed budgets is appropriate in this instance as they include the township budget amounts that are typically cut during the certification process and restored later in the year through emergency loans.

In Works, the category totals of Personal Services, Supplies, and Other Services & Charges match the budgeted amounts of IFD. However, the category total of Capital Outlays omits appropriations for IFD of \$3,070,900 and \$2,871,000 from the Consolidated City Cumulative Capital Development (CCD) and the Cumulative Capital Improvement (CCI) Funds, respectively.

In Works, the category totals of Personal Services, Supplies, Other Services & Charges, and Capital Outlays match the budgeted amounts of the townships and exclude all debt funds and the Cumulative Fire Fund of Decatur Township. Although Decatur Township's Cumulative Fire Fund may be used for debt service payments, we have added this amount to the proposed township budgets to be consistent with the treatment of other township Cumulative Fire Funds. The allocation of items contained in the Personal Services category of the townships have been adjusted to reflect the budgeted amounts of the 1937 pension, a revised estimate of the 1977 pension, with the net reduction applied to the "Employee Benefits & Other" item in Works. The revised estimate of the 1977 pension was computed as follows:

ESTIMATED TOWNSHIP 1977 PENSION CONTRIBUTION:

	Estimated <u>Firefighters</u>	Estimated Pension <u>Base</u>	Estimated Employer <u>Rate</u>	Estimated 1977 <u>Contribution</u>
Decatur	46	39,241	24.00%	433,221
Franklin	62	35,381	24.00%	526,469
Lawrence	111	41,500	21.00%	967,365
Perry	110	44,506	21.00%	1,028,089
Pike	138	45,679	27.00%	1,702,000
Warren	98	43,254	27.00%	1,144,501
Washington	141	46,893	27.00%	1,785,217
Wayne	<u>108</u>	34,000	27.00%	<u>991,440</u>
	<u>814</u>			<u>8,578,300</u>

As previously stated, the Wishard ambulance budget and revenues were added to the IFD budget in order to make an apples to apples comparison. All categories of Personal Services, Supplies, Other Services & Charges, and Capital Outlays and virtually every item contained within these categories for the townships include budgeted ambulance costs which would be very difficult to separate. The estimated Wishard ambulance budget provided by the Health and Hospital Corporation of Marion County provides a detail of costs which can be more easily and precisely incorporated into the IFD budget. As the comparison of IFD to the townships constitutes an apple and an orange, the choices were to eliminate ambulance operations from the townships, or add ambulance operations to IFD. We determined that adding the Wishard ambulance operations to IFD's budget is the better choice. The revised combined budgets follow.

CONSOLIDATED FIRE & EMS SERVICES

ILLUSTRATIVE COMBINED BUDGET
(Based upon proposed 2004 budgets)

2004 Proposed Budgets

	<u>IFD</u>	<u>IFD CCD & CCI *</u>	<u>Wishard Ambulance (1)</u>	<u>Townships</u>	<u>Township Revisions</u>	<u>Total IFD & Townships</u>	<u>Revised Proposed Grand Total</u>
<i>Personal Services</i>							
Salaries & Wages	43,898,398		6,295,126	46,708,932		90,607,330	96,902,456
Employee Benefits & Other	6,282,704		1,612,183	18,127,095	(3,250,548) (2)	24,409,799	22,771,434
Pension Costs (1937) (est)	21,787,930			1,815,101	(90,752) (2)	23,603,031	23,512,279
Pension Costs (1977) (est)	<u>6,794,400</u>		<u>0</u>	<u>5,237,000</u>	<u>3,341,300</u> (2)	<u>12,031,400</u>	<u>15,372,700</u>
Category Totals	78,763,432		7,907,309	71,888,128	0	150,651,560	158,558,869
<i>Supplies</i>							
Operating Supplies	200,410		477,010	1,300,420		1,500,830	1,977,840
Repair & Maintenance	196,800		5,903	713,165		909,965	915,868
Other Supplies	<u>769,524</u>		<u>0</u>	<u>229,950</u>		<u>999,474</u>	<u>999,474</u>
Category Totals	1,166,734		482,913	2,243,535		3,410,269	3,893,182
<i>Other Services & Charges</i>							
Contractual Payments	755,152			1,554,700		2,309,852	2,309,852
Automobile Expenses	51,650			280,150		331,800	331,800
Insurance	66,644			2,023,236		2,089,880	2,089,880
Utilities	323,832			492,400		816,232	816,232
Rentals	175,204			201,306		376,510	376,510
Other Expenses	<u>1,567,398</u>		<u>3,102,755</u>	<u>3,141,433</u>		<u>4,708,831</u>	<u>7,811,586</u>
Category Totals	2,939,880		3,102,755	7,693,225		10,633,105	13,735,860
<i>Capital Outlays</i>	<u>5,093,805</u>	<u>5,941,900</u>	<u>352,500</u>	<u>6,848,278</u>	<u>150,150</u> (3)	<u>11,942,083</u>	<u>18,386,633</u>
<i>Totals excluding debt service</i>	<u>87,963,851</u>	<u>5,941,900</u>	<u>11,845,477</u>	<u>88,673,166</u>	<u>150,150</u>	<u>176,637,017</u>	<u>194,574,544</u>

* CCD is the Cumulative Capital Development Fund.

* CCI is the Cumulative Capital Improvement Fund.

(1) Estimated 2004 budget provided the Health and Hospital Corporation of Marion County.

(2) Revised estimate of Township Pension and Employee Benefits.

(3) Inclusion of Decatur Township Cumulative Fund budget.

EXPLANATION OF POSSIBLE REDUCTIONS OF A COMBINED FIRE & EMS DEPARTMENT:

This section breaks down the categories and items on a per firefighter basis and uses the IFD cost structure to project the costs of the consolidated department. This is also the methodology used in the Works report. The number of employees in Works appears to only be the number of sworn fire personnel, and the 2004 budget amounts appear to include all budgeted costs including those consumed by civilians. Therefore, the IFD average should be viewed as the amount of budget necessary to support each sworn fire personnel or service provider. We believe this to be appropriate as civilian costs are necessary to support sworn fire personnel, and therefore, should be included in the consolidated budget. Further, the townships employee number should be revised to the number of service providers (Fire and EMS) computed as firefighters plus EMS staff less firefighters performing EMS functions ($814 + 212 - 87 = 939$). The EMS staff number was culled from the proposal prepared by the Indianapolis Works Ambulance/EMS Committee.

The “Salaries & Wages” “2004 Budget” amount on the Works report for IFD has been reduced by its budgeted overtime amount of \$794,106, as provided by the City in a line item budget for IFD. This treatment eliminates double counting as we have increased the staffing necessary to cover any overtime for the equipment contemplated in the consolidated department. We have analyzed the “Indianapolis Metropolitan Professional Firefighters Association Local 416 Fire Department Consolidation Staffing Committee Report Revised 4/26/2005” and discussed the same with the President of Local 416. Also, we have analyzed the City’s response to the above stated Committee Report located in the memorandum from Suzannah Wilson Overholt to the members of this committee dated June 30, 2005 and the fire staffing analyses of Chief Dezelan as provided by the City. Specifically, the June 30, 2005 memorandum states that “The City and Local 416 reached different conclusions about the apparatus that would be required after consolidation. Local 416 assumed four (4) more engine trucks than the City, while the City assumed two (2) more ladder trucks than local 416. Local 416 also eliminated four (4) more rescue squads than the City. However, it added two (2) more tactical units. Finally, Local 416 included the equipment at the airport, which the City did not.” Specifically, the fire staffing analyses of Chief Dezelan states “Sworn personnel in administrative positions would be reduced from approximately 107 to approximately 58...”

The following is our analysis of the staffing of apparatus. We have reproduced the equipment grid from the Local 416 report and eliminated the airport equipment. We have computed the staffing necessary under the IMPFF and CITY proposals. Total staffing of apparatus per shift and before time off is 385 and 383 respectively. As equipment is staffed 365 days a year we multiplied by 365 to get the total number of shifts to be worked in the year. As each firefighter works every third day, each firefighter is scheduled to work 121.67 shifts. Actual shifts worked would be less due to Work Reduction (Kelly) Days, approximately 17.33, and paid time off and sick time which we estimated at 8 shifts. We discussed the paid time off and sick time with the Local 416 President. He stated that the 10 shifts used in the Local 416 report was too conservative because of the youth of the department and that a good number would be less than 10. The actual shifts worked per firefighter per year would be 96.34. There are 140,525 and 139,795 annual shifts to be worked under the IMPFF and CITY proposals respectively, 1,459 and 1,451 firefighters would be needed to provide full staffing for the IMPFF and CITY proposals, respectively. Local 416 assumed 50 sworn personnel in administrative positions and the City assumed 58. Therefore, the total number of sworn personnel under both proposals is 1,509. This amounts to 57 more sworn personnel than projected into the Works proposal.

Staffing based on the equipment recommended by IMPFF for providing fire protection in Marion County at the staffing level described on page 7, section 9 "Staffing of Apparatus" of the "AGREEMENT between CITY OF INDIANAPOLIS and INDIANAPOLIS METROPOLITAN PROFESSIONAL FIRE FIGHTERS, LOCAL 416 EFFECTIVE January 1, 2003 through December 31, 2006" which reads in part "(Four (4) persons per engine and ladder and two (2) persons per rescue squad and strike rig.)" is as follows:

	Engines(4)	Ladders(4)	Squad(2)	TSU(1)	Tanker(0)	Safety(1)	BC(2)
Decatur	4	1	-	-	-	-	-
Franklin	4	1	-	-	-	-	-
IFD	22	14	-	-	-	-	-
Lawrence	4	1	-	-	-	-	-
Perry	4	2	-	-	-	-	-
Pike	5	2	-	-	-	-	-
Warren	5	1	-	-	-	-	-
Washington	5	2	-	-	-	-	-
Wayne	5	2	-	-	-	-	-
TOTAL	<u>58</u>	<u>26</u>	<u>8</u>	<u>6</u>	<u>5</u>	<u>7</u>	<u>10</u>

	IMPFF	CITY
Staffing Engines/Ladders		
pieces of equipment	84	82
multiplied by staff per piece of equipment	<u>4</u>	<u>4</u>
Staffing Engines/Ladders	<u>336</u>	<u>328</u>

Staffing Squads/BC		
pieces of equipment	18	22
multiplied by staff per piece of equipment	<u>2</u>	<u>2</u>
Staffing Squads/BC	<u>36</u>	<u>44</u>

Staffing TSU/Safety		
pieces of equipment	13	11
multiplied by staff per piece of equipment	<u>1</u>	<u>1</u>
Staffing TSU/Safety	<u>13</u>	<u>11</u>

Total staffing before time off	385	383
multiplied by 365 days in the year		
Shifts to be worked in the year	<u>140,525</u>	<u>139,795</u>
Shifts scheduled per firefighter (365/3)	121.67	121.67
Less Work Reduction Days (Kelly Days)	-17.33	-17.33
Less Paid Time Off & Sick Time	<u>-8.00</u>	<u>-8.00</u>
Annual shifts worked per firefighter	<u>96.34</u>	<u>96.34</u>
Shifts to be worked in the year	140,525	139,795
Divided by annual shifts worked	<u>96.34</u>	<u>96.34</u>
Firefighters needed to cover shifts	<u>1,459</u>	<u>1,451</u>
plus sworn personnel in admin positions	50	58
Staffing	<u>1,509</u>	<u>1,509</u>
less (contemplated combined staffing)	<u>1,452</u>	<u>1,452</u>
Required additional sworn		
personnel not included in Works	<u>57</u>	<u>57</u>

We have incorporated an additional 57 sworn personnel along with 368 civilian EMS staff, as determined by the Indianapolis Works Ambulance/EMS Committee, into the Explanation of Possible Reductions in order to evaluate a combined Fire and EMS operation. We have utilized the same methodology as the original Works proposal. The cost structure utilized for EMS operations is that of Wishard ambulance. We have computed the 1977 pension liability, note 3a, for a department of 1,509 utilizing the salary and longevity amounts provided in the union contract. Also, we have eliminated the “Allowance for EMS Services” to eliminate double counting since the projection fully incorporates EMS into the consolidated budget.

CONSOLIDATED FIRE & EMS SERVICES

ILLUSTRATIVE COMBINED BUDGET

Explanation of Possible Reductions

	<u>No. of Employees</u>	<u>2004 Budget</u>	<u>Average</u>	<u>No. of Employees</u>	<u>Consolidated Budget</u>	<u>Category / Item Total</u>
1 <i>Salaries & Wages (based upon average current salaries of IFD)</i>						
IFD	751	43,104,292	57,396	1,452	83,338,791	
Townships	939	46,708,932	49,743			
Combined	1,690	89,813,224	53,144			
1a Additional Staffing Needed for Coverage and Administration			57,396	57	3,253,573	
1b Total staffing Needed to Provide EMS	177	6,295,126	35,566	368	<u>13,088,172</u>	<u>99,680,536</u>
2 <i>Employee Benefits, excluding pensions, (based upon average current benefits of IFD)</i>						
IFD	751	6,282,704	8,366	1,452	12,147,119	
Townships	939	14,876,547	15,843			
Combined	1,690	21,159,251	12,520			
2a Additional Staffing Needed for Coverage and Administration			8,366	57	474,227	
2b Total staffing Needed to Provide EMS	177	1,612,183	9,108	368	<u>3,351,883</u>	<u>15,973,230</u>
3 <i>Pensions (based upon 24% contribution for new salaries and assumes estimated contributions for 1937 Fund are unchanged)</i>						
Increase in Wages and Salaries			39,440,393			
Times contribution rate			24%			
Increase in 1977 Pension Contributions			9,465,694			
Budgeted 1977 Pension Contributions			6,794,400	1,452	16,260,094	

3a	1977 Pension Computation:					
	2004 First Class Firefighter Base Salary			46,548		
	Plus Maximum Longevity to 20 Years			<u>1,700</u>		
	Equals 2004 Pension Base			<u>48,248</u>		
	Multiplied by Number of Sworn Personnel			<u>1,509</u>		
	Equals 1977 Pension Salaries			<u>72,791,109</u>		
	Multiplied by Employer Contribution Rate			<u>24.00%</u>		
	Equals 1977 Pension Cost			<u><u>17,469,866</u></u>		
	Additional Contribution Required for Sworn Personnel				<u>1,209,772</u>	<u>17,469,866</u>

Consolidated Costs based upon average per firefighter for IFD

		<u>2004 Budget</u>	<u>Average</u>			
4	<i>Supplies & Repairs</i>					
	IFD	751	1,166,734	1,554	1,452	2,255,789
	Townships	939	2,243,535	2,389		
	Combined	1,690	3,410,269	2,018		
4a	Additional Staffing Needed for Coverage and Administration			1,554	57	88,067
4b	<i>Supplies & Repairs</i>					
	Wishard Ambulance	177	482,913	2,728	368	<u>1,004,023</u>
						<u>3,347,879</u>
4c	<i>Contractual Payments</i>					
	IFD	751	755,152	1,006	1,452	1,460,028
	Townships	939	1,554,700	1,656		
	Combined	1,690	2,309,852	1,367		
4d	Additional Staffing Needed for Coverage and Administration			1,006	57	57,000
4e	<i>Automobile Expenses</i>					
	IFD	751	51,650	69	1,452	99,861
	Townships	939	280,150	298		
	Combined	1,690	331,800	196		

4f	Additional Staffing Needed for Coverage and Administration		69	57	3,899	
4g	<i>Other Expenses</i>					
	IFD	751	1,567,398	2,087	1,452	3,030,442
	Townships	939	3,141,433	3,346		
	Combined	1,690	4,708,831	2,786		
4h	Additional Staffing Needed for Coverage and Administration		2,087	57	118,309	
4i	<i>Other Expenses</i>					
	Wishard Ambulance	177	3,102,755	17,530	368	6,450,926
6	<i>Insurance Costs (based upon 200% of actual IFD disbursements over the past five years)</i>					
	Average annual expenditures over past 5 years		140,957			
	Times 200%		200%		<u>281,914</u>	<u>11,502,378</u>
4j	<i>Capital Outlays</i>					
	IFD	751	11,035,705	14,695	1,452	21,336,676
	Townships	939	6,998,428	7,453		
	Combined	1,690	18,034,133	10,671		
4k	Additional Staffing Needed for Coverage and Administration		14,695	57	832,991	
4l	<i>Capital Outlays</i>					
	Wishard Ambulance	177	352,500	1,992	368	732,881
5	<i>Allowance for EMS Services</i>					
	Wishard non-personnel costs per unit		63,600			
	Times no. of active units		26		<u>0</u>	<u>22,902,548</u>
					<u>170,876,437</u>	

The following is a schedule of potential savings and costs. As previously stated overtime was removed from the IFD budget amount and replaced with personnel. If staff positions were unfilled, then budget or appropriation would be made available for overtime.

CONSOLIDATED FIRE & EMS SERVICES

ILLUSTRATIVE COMBINED BUDGET (Based upon proposed 2004 budgets)

	Total Proposed Budget	Consolidated Budget	3% Savings From Quantity Purchasing	Potential Savings (Costs)	Ref
<i>Personal Services</i>					
Salaries & Wages	96,902,456	99,680,536		(2,778,080)	1 1a 1b
Employee Benefits & Other	22,771,434	15,973,230		6,798,204	2 2a 2b
Pension Costs (1937) (est)	23,512,279	23,512,279		-	
Pension Costs (1977) (est)	<u>15,372,700</u>	<u>17,469,866</u>		<u>(2,097,166)</u>	3 3a
Category Totals	<u>158,558,869</u>	<u>156,635,911</u>		<u>1,922,958</u>	
<i>Supplies</i>	<u>3,893,182</u>	<u>3,347,879</u>	<u>(100,436)</u>	<u>645,740</u>	4 4a 4b
<i>Other Services & Charges</i>	<u>13,735,860</u>	<u>11,502,378</u>	<u>(345,071)</u>	<u>2,578,553</u>	4c to 4i 6
<i>Capital Outlays</i>	<u>18,386,633</u>	<u>22,902,548</u>	<u>(687,076)</u>	<u>(3,828,839)</u>	4j 4k 4l
<i>Totals excluding debt service</i>	<u>194,574,544</u>	<u>194,388,716</u>	<u>(1,132,584)</u>	<u>1,318,413</u>	

END RESULT FINANCING AND TAX RATE ANALYSIS:

Staying with the methodology of the original Indianapolis Works document, the following consolidates fire and EMS services together in the traditional DLGF 16 Line Statement 18 month financial statement format. The consolidated financial statement does not include the 1937 Pension Funds. The township data has been adjusted for Pike Township since a major portion of its financial data was omitted from the 2004 Fund Reports of the DLGF. Page 17 shows a projected tax rate of \$0.2395 if all the Townships were consolidated.

IFD has been adjusted for the 1977 pension expense, CCD appropriations attributable to IFD, CCI appropriations attributable to IFD, and EMS. The IFD General Fund needs to include 1977 pension contributions to be comparable to the townships, which include 1977 pension contributions in their Fire General Funds. IFD pension contributions were budgeted from the IFD Pension Fund. IFD needs to be adjusted for the CCD appropriations made for the benefit of IFD. As this levy is spread across the Consolidated City, the rate is calculated on the Consolidated City assessed value rather than the IFD assessed value. Both these adjustments are calculated anticipating consistent expenditures and revenues across the 18 month period ending in a zero operating balance. IFD needs to be adjusted for the CCI appropriations attributable to IFD. Although this adjustment anticipates consistent expenditures across the 18 month period, no revenue is anticipated as these appropriations are funded with the CCI revenue of cigarette taxes which are not available to property tax funds. Also, the IFD projection needs to be adjusted for EMS to be comparable to the townships, which include EMS in their Fire General Funds. This adjustment also anticipates consistent expenditures and revenues across the 18 month period ending in a zero operating balance. In addition, this adjustment includes projected annualized ambulance revenue of \$9,300,000. The ambulance collection amount was provided by the Health and Hospital Corporation of Marion County. The CFO of the Health and Hospital Corporation stated that approximately a \$2,000,000 annual Medicaid supplement is available to Wishard Hospital because of its ambulance operations that would not be available to a governmental entity. However, the CFO was hopeful that an arrangement with Wishard could be structured that would be legal and satisfactory to the federal agency disbursing Medicaid that would allow the continuance of the Medicaid supplement to the community. The projected IFD-EMS tax rate shown on page 20 would be \$0.3696.

The consolidated budgets of all operations utilizing the current levy and operating balance amounts would result in a tax rate of \$0.2846, see page 18. However, this rate will not sustain the combined operations through the second year. In order to provide adequate funding going forward, the levy would need to be raised to a level that would maintain a constant operating balance. The ending operating balance for the current year of the 18 month financial statement is computed by subtracting July through December liabilities from July through December assets. The ending operating balance for the current year is approximately \$26 million. The ending operating balance for the ensuing year is approximately \$9.7 million. Therefore, approximately \$16 million dollars of existing cash is consumed in the first year of operations. In order to provide adequate funding, the levy would need to be raised and the resulting tax rate would be \$0.3251, see page 19. Also included is an illustration of the effect on cash of not implementing a cash flow neutral property tax levy. The "Following Year w/o Cash Flow Neutral Levy" column shows that the cash decreases to approximately \$1.4 million by June 30 of the second year of operations and is short approximately \$23.5 million by the end of the second year of operations.

**TAX RATE ESTIMATED FOR A CONSOLIDATED FIRE & EMS DISTRICT
BASED UPON 2004 BUDGET LEVIES, ADJUSTED TO REFLECT CONSOLIDATED SAVINGS AND COSTS**

<u>FUNDS</u>	<u>Total Townships</u> (1)	<u>Adjustments For Pike</u> (2)	<u>Adjusted Total Townships</u>
Budget Estimate	83,441,114		83,441,114
Exp. Jul - Dec	36,736,002	9,056,243	45,792,245
Add App Jul - Dec	6,110,417		6,110,417
Temporary Loans	7,713,456	4,500,000	12,213,456
Loans Not Paid	-		-
TOTAL EST EXP	134,000,989	13,556,243	147,557,232
Cash Balance June 30	10,273,664	4,352,669	14,626,333
Dec Tax Collection	43,080,483	9,553,254	52,633,737
Misc Rev Jul - Dec	12,319,576	1,106,367	13,425,943
Misc Rev Next Year	15,036,522		15,036,522
TOTAL FUNDS	80,710,245	15,012,290	95,722,535
NET AMOUNT REQUIRED	53,290,744	(1,456,047)	51,834,697
OPERATING BALANCE	8,885,488	1,456,047	10,341,535
EXCESS LEVY	(360,001)	-	(360,001)
TOTAL FUNDS REQUIRED	61,816,231		61,816,231
ASSESSED VALUE (2004)	25,809,299,570		25,809,299,570
TAX RATE	\$ 0.2395		\$ 0.2395

- (1) Per 2004 Fund Reports of DLGF.
(2) Per 2004 Pike Township budget data.

**TAX RATE ESTIMATED FOR A CONSOLIDATED FIRE & EMS DISTRICT
BASED UPON 2004 BUDGET LEVIES, ADJUSTED TO REFLECT CONSOLIDATED SAVINGS AND COSTS**

<u>FUNDS</u>	<u>IFD General</u> (1)	<u>Adjustments For 1977 Pension</u> (2)	<u>Adjustments For CCD</u>	<u>Adjustments For CCI</u>	<u>Adjustments For EMS</u>	<u>Adjusted IFD with EMS</u>	<u>Total Adjusted Township & Adjusted IFD w/ EMS</u>	<u>Potential Savings Adjustments</u> (3)	<u>Consolidated Budget with Savings</u>
Budget Estimate	56,210,621	8,696,220	3,070,900	2,871,000	11,845,477	82,694,218	166,135,332	(1,318,413)	164,816,919
Exp. Jul - Dec	29,162,174	4,348,110	1,535,450	1,435,500	5,922,739	42,403,972	88,196,217		88,196,217
Add App Jul - Dec	511,507					511,507	6,621,924		6,621,924
Temporary Loans	12,951,749					12,951,749	25,165,205		25,165,205
Loans Not Paid	-					-	-		-
TOTAL EST EXP	98,836,051	13,044,329	4,606,350	4,306,500	17,768,216	138,561,446	286,118,678	(1,318,413)	284,800,265
Cash Balance June 30	13,240,148					13,240,148	27,866,481		27,866,481
Dec Tax Collection	29,027,581	3,952,827	1,395,864	-	1,145,465	35,521,736	88,155,473		88,155,473
Misc Rev Jul - Dec	11,269,636	395,283	139,586	-	4,777,274	16,581,779	30,007,722		30,007,722
Misc Rev Next Year	18,342,976	790,565	279,173	-	9,554,548	28,967,262	44,003,784		43,883,928
TOTAL FUNDS	71,880,341	5,138,675	1,814,623	-	15,477,287	94,310,925	190,033,460		189,913,604
NET AMOUNT REQUIRED	26,955,710	7,905,654	2,791,727	4,306,500	2,290,929	44,250,521	96,085,218	(1,198,557)	94,886,661
OPERATING BALANCE	3,707,137	(0)	(0)	(4,306,500)	-	(599,364)	9,742,171		9,742,171
EXCESS LEVY	-	-	-	-	-	-	(360,001)		(360,001)
TOTAL FUNDS REQUIRED	30,662,847	7,905,654	2,791,727	-	2,290,929	43,651,157	105,467,388		104,268,831
ASSESSED VALUE (2004)	10,827,276,605	10,827,276,605	36,808,011,015		39,498,980,565				36,636,576,175
TAX RATE	\$ 0.2832	\$ 0.0730	\$ 0.0076		\$ 0.0058				\$ 0.2846

(1) Per 2004 Fund Reports of DLGF.

(2) Budget calculation based on contract salary and longevity and 751 sworn personnel.

(3) Estimated Savings for Consolidated Fire.

**TAX RATE ESTIMATED FOR A CONSOLIDATED FIRE & EMS DISTRICT
BASED UPON 2004 BUDGET LEVIES, ADJUSTED TO REFLECT CONSOLIDATED SAVINGS AND COSTS**

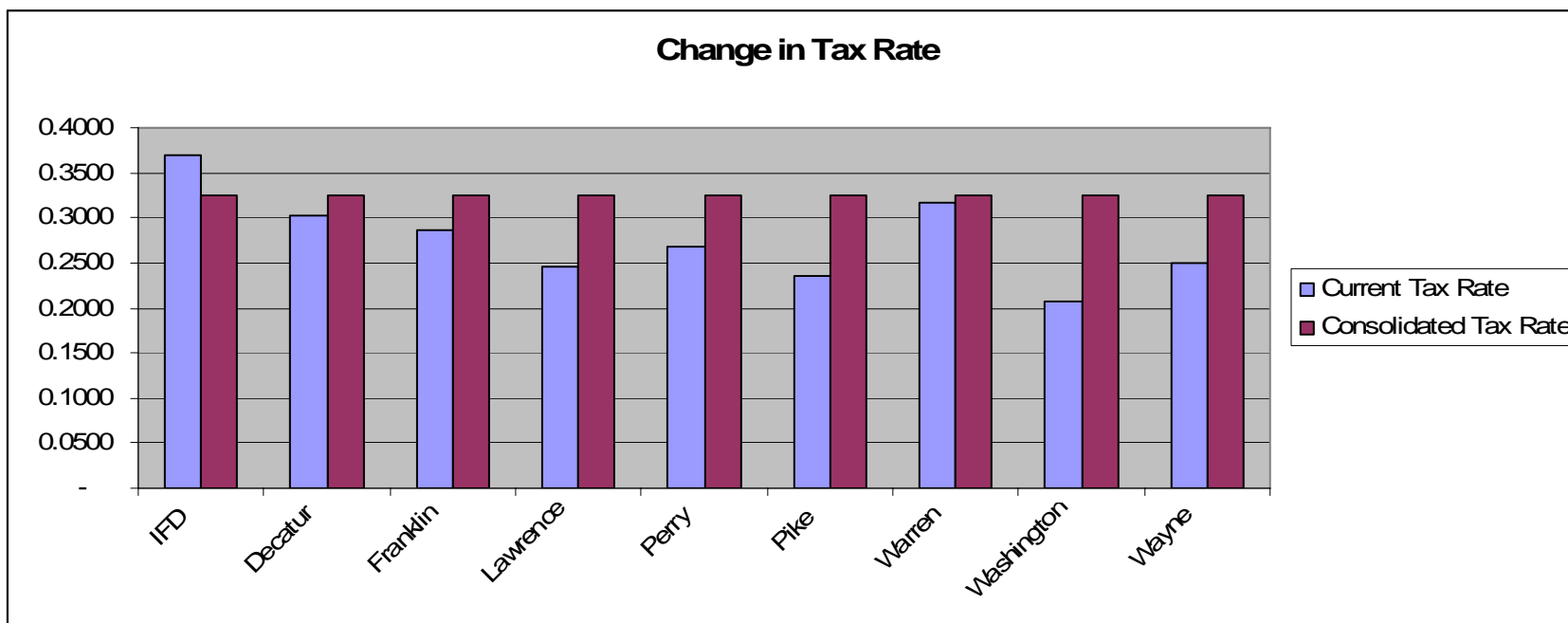
<u>FUNDS</u>	<u>Consolidated Budget with Savings</u>	<u>Projected Ending Cash Balance Current Year</u>	<u>One-time Cash Drain (1)</u>	<u>Cash Flow Neutral Consolidated Budget with Savings</u>	<u>Year 2 Budget w/o Cash Flow Neutral Levy</u>
Budget Estimate	164,816,919			164,816,919	164,816,919
Exp. Jul - Dec	88,196,217	(88,196,217)		88,196,217	82,408,459
Add App Jul - Dec	6,621,924	(6,621,924)		6,621,924	-
Temporary Loans	25,165,205	(25,165,205)		25,165,205	-
Loans Not Paid	-			-	-
TOTAL EST EXP	284,800,265			284,800,265	247,225,378
Cash Balance June 30	27,866,481	27,866,481		27,866,481	1,410,091
Dec Tax Collection	88,155,473	88,155,473		88,155,473	52,134,416
Misc Rev Jul - Dec	30,007,722	30,007,722		30,007,722	21,941,964
Misc Rev Next Year	43,883,928			45,366,125	43,883,928
TOTAL FUNDS	189,913,604			191,395,801	119,370,400
NET AMOUNT REQUIRED	94,886,661			93,404,465	127,854,979
OPERATING BALANCE	9,742,171	26,046,330	(16,304,159)	26,046,329	(23,586,148)
EXCESS LEVY	(360,001)			(360,001)	
TOTAL FUNDS REQUIRED	104,268,831			119,090,793	104,268,831
ASSESSED VALUE (2004)	36,636,576,175			36,636,576,175	36,636,576,175
TAX RATE	\$ 0.2846			\$ 0.3251	\$ 0.2846

(1) This calculation shows a one-time reduction in cash of \$16,304,159.

The rate and percentage change is provided in the following table.

COMPARISON OF CONSOLIDATED FIRE & EMS TAX RATES (without 1937 Pensions)

<u>Fund</u>	<u>IFD</u>	<u>Decatur</u>	<u>Franklin</u>	<u>Lawrence</u>	<u>Perry</u>	<u>Pike</u>	<u>Warren</u>	<u>Washington</u>	<u>Wayne</u>
General	0.2832	0.1589	0.1542	0.1972	0.1969	0.1872	0.2038	0.1731	0.2086
Equipment Debt	-	0.0363	0.0085	-	-	-	0.0118	-	-
Building Debt	-	0.0692	0.0146	-	-	-	0.0152	-	-
Loan & Interest	-	-	0.0754	0.0126	0.0372	0.0091	0.0608	-	-
Cumulative Fire	-	0.0249	0.0196	0.0222	0.0215	0.0251	0.0121	0.0211	0.0279
1977 Pension	0.0730	-	-	-	-	-	-	-	-
Consolidated City CCD	0.0076	0.0076	0.0076	0.0076	0.0076	0.0076	0.0076	0.0076	0.0076
Wishard Ambulance	0.0058	0.0058	0.0058	0.0058	0.0058	0.0058	0.0058	0.0058	0.0058
Total 2004 Fire & EMS Rates	0.3696	0.3027	0.2857	0.2454	0.2690	0.2348	0.3171	0.2076	0.2499
<hr/>									
Consolidated Fire & EMS Rate (without 1937 Pensions)	0.2846	0.2846	0.2846	0.2846	0.2846	0.2846	0.2846	0.2846	0.2846
Increase (decrease)	(0.0850)	(0.0181)	(0.0011)	0.0392	0.0156	0.0498	(0.0325)	0.0770	0.0347
Percentage	-23.00%	-5.97%	-0.38%	15.98%	5.81%	21.22%	-10.24%	37.10%	13.89%
<hr/>									
Cash Flow Neutral Consolidated Fire & EMS Rate (without 1937 Pensions)	0.3251	0.3251	0.3251	0.3251	0.3251	0.3251	0.3251	0.3251	0.3251
Increase (decrease)	(0.0445)	0.0224	0.0394	0.0797	0.0561	0.0903	0.0080	0.1175	0.0752
Percentage	-12.05%	7.39%	13.78%	32.47%	20.85%	38.45%	2.52%	56.59%	30.08%



ADDITIONAL DISCUSSION:

The Confidential Memorandum of Policy Analytics, LLC dated March 29, 2005 states

“EMS Services under a Consolidated Department

A vital component of fire related services that must be factored into the consolidation schema is the provision of Emergency Management Services [EMS]. The townships combine EMS within their fire department budgets, while the City utilizes a civilian ambulance service provided through Wishard. The plan for consolidation extends civilian ambulance service throughout the county and bases it at the fire stations under IFD [as a separate division]. This means that some adjustment for additional costs must be made for added equipment and personnel to accommodate the greater geographic coverage under the unified and consolidated EMS command. Based on an analysis of Wishard Hospital’s ambulance operations, that adjustment is \$1.65 million [a reduction to the total savings estimate for consolidated fire].

Although the consolidation plan makes the above EMS adjustment to be conservative, the data from the ambulance functions in both the townships and Wishard indicate that this service category will, when consolidated and efficiently run throughout the county, be “at worst” a breakeven financial picture.”

We concur with the findings that additional costs must be made for EMS personnel. However, the original Indianapolis Works proposal does not account for these additional costs. Further, we take exception to the conclusion that “at worst” EMS is a breakeven

financial picture. Wishard's estimated annual ambulance cost is approximately \$11.85 million while estimated annual ambulance revenue is approximately \$9.3 million. Therefore, Wishard is approximately \$2.5 million short of breakeven. Even if the Medicaid supplement of \$2 million is added to the Wishard revenue, the ambulance operation is still \$.5 million short of break even. Also, the Medicaid supplement is only available to Wishard, not IFD. Ambulance analyses provided showed that Washington Township was approximately \$.5 million short of breakeven utilizing sworn personnel and Wayne Township was approximately \$.3 million short of breakeven utilizing civilian personnel.

The Confidential Memorandum of Policy Analytics, LLC dated March 29, 2005 also states

"Additional Questions Surrounding the Proposal

Another nagging question raised by some critics of Indianapolis Works is the operating deficit issue faced by both the townships and the City during CY 2004. In that year, combined surpluses for the townships in their fire funds and the City dropped from \$34.99 million to \$14.6 million by years end. The critics have alleged that this indicates in some way that Indianapolis Works in fact won't [work].

Several answers to that objection should be proffered. First, the balance reduction has already happened [it took place in CY 2004] and therefore only underscores the need for extraordinary measures to reduce costs while maintaining service levels. The second answer is that fire savings calculations examined above which, it is proposed, would result from Indianapolis Works are related to only the budgetary side of the fiscal equation. That is, nothing in this analysis deals with revenues."

The cash drop did not fully happen in CY 2004. According to the City's 2004 Comprehensive Annual Financial Report (CAFR) the IFD Fire Fund balance dropped from approximately \$9.47 million to approximately \$2.95 million. According to the townships' 2004 annual reports combined township cash for the fire funds dropped from approximately \$31.80 million to approximately \$30.95 million. The cash drop, under the consolidation plan, occurs when the Fire Funds of the townships become general operating cash of the consolidated fire and EMS service. Whether intended or not, this cash gets consumed in approximately the first 18 months of operations.

Although the memorandum states that nothing in the analysis deals with revenues, the revenue side of the fiscal equation is vital in gauging that a decision is not short-sighted. The last thing desired is to have a new maximum levy set by the DLGF that is insufficient to support the second year of operations which would require the City to commit other revenue such as COIT from another operational budget or petition the DLGF for an increased maximum levy.

However, House Bill 1435, under section 250, provides for a new maximum levy structure for the combined department that adds the 2006 budget amounts of the townships to the maximum permissible ad valorem property tax levy of the consolidated city. This would raise the property levy by approximately \$22 million, the difference between township budgets and levies, which would come close to funding the consolidated operations. However, the resulting property tax rates would be well beyond those claimed in the original Indianapolis Works proposal.

In addition, fire consolidation has two significant financial consequences that warrant discussion. Social Security coverage and federal grant acquisition could potentially be affected by consolidation.

SOCIAL SECURITY:

Works proposes; through the use of the IFD cost structure that sworn township firefighters currently covered under social security would not be covered after consolidation. From conversations with the current and previous State Social Security Administrators and past experience with public safety Social Security coverage issues, we understand that the State Social Security Administrator, on his or her sole discretion, can call for a coverage referendum vote for the entire coverage group if significant interest exists within the group participants. The entire coverage group for the consolidated department would be the sworn personnel for both IFD and the townships. The decision is individual and complex based on each employee's particular circumstances of age, years from retirement, survivors, spouse's employment, previous Social Security covered employment, retirement goals, and options for retirement investments. It is our understanding that those employees earning a government pension under Social Security covered positions will draw both their pension and Social Security without adjustment. However, we further understand that when an employee earns a government pension under a position not covered by Social Security, but is otherwise vested in Social Security due to previous employment in a covered position, that their Social Security benefits may be subject to the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). Therefore, we would assume that a great deal of the township sworn personnel could become subject to the GPO and WEP if consolidated and not subject to Social Security. However, in light of the facts that Washington Township sworn personnel voted to discontinue coverage and Wayne Township's full-time fire department was recently established without coverage, we find a reasonable expectation that the consolidated department, if subject to a referendum vote, would not choose coverage. Therefore, the Report does not alter the Works assumption that consolidated sworn personnel would be exempt from Social Security.

FEDERAL GRANTS:

The City and township fire departments in Marion County received significant federal grant dollars in 2003 and 2004. Had the various fire departments been consolidated, the amount of grant dollars would have been significantly reduced as the federal government has maximum application and award amounts. However, the combined federal grant amounts received by the various departments in the last 5 years, excluding the above stated, would not have exceeded the maximum amounts. The current application maximums for the Assistance to Firefighters Grant and the Fire Prevention and Safety Grant are \$1,000,000 with a combined annual award maximum of \$1,750,000. Therefore, future major projects eligible for these federal grant funds may be limited by having one rather than 9 departments.

POLICE CONSOLIDATION:

The police and sheriff portion of the Works proposal identifies potential savings in the areas of management, facilities, support services, personnel, and costs of goods and services.

MANAGEMENT:

Works proposes consolidation of upper and mid-level management as well as supervisors. Given the respective sizes of the organizations management structures and salaries of those positions we find it reasonable to expect that those reductions could occur at their estimated costs of \$250,000. However, the effect on the consolidated organization and existence of appropriate supervision is unknown and beyond the scope of this report.

FACILITIES:

Works proposes the consolidation of facilities including the Shadeland training facility, MCSD garage, and other facilities. We understand, partly through the “Indianapolis/Marion County: Law Enforcement Consolidation Phase I Preliminary Report (Phase I Report), that both training facilities house detective operations and personnel that do not have an identified relocation facility in the event of closure. Therefore, we find no reasonable expectation that costs would be saved due to the closure of a training facility. Also, we understand, partly through the Phase I Report, that very limited space exists at both the city and county garages, that closing the MCSD garage would require the outsourcing of all routine maintenance for both the MCSD and IPD, and a backlog currently exists at both the city and county garages. Therefore, we find no reasonable expectation that costs would be saved due to the closure of the MCSD garage. However, we find a reasonable expectation that \$156,000 could be saved through the outsourcing of minor repairs as identified in the Phase I Report. Further, we find no reasonable expectation that any other facility consolidation would result in potential savings other than \$6,000 for the Sheriff’s Southside roll call site identified in the Phase I Report.

SUPPORT SERVICES:

Works proposes consolidation of support services including the elimination of staff in the areas of customer service, records, auto desk, information technology, finance, and clerical. Unlike management, these jobs are more production driven in that work flows in, is processed, and flows out. In view of the fact that the same geographic area, population, officers, and criminal occurrences will be feeding the in flow of work, we find no reasonable expectation that costs would be saved through the elimination of these positions. However, if we had seen significant costs associated with technology upgrades for efficiency improvement rather than a reduction in information technology staff, we would reasonably expect reductions of employees. Also, Works proposes the elimination of overlapping IT licenses, systems, and data collection and subscriptions. We find a reasonable expectation that \$120,000 and \$4,500, respectively could be saved through these sources. Further, Works proposes the elimination of 29 take home vehicles for public safety personnel and the MCSD polygraph contract. We find it reasonable to expect that those reductions could occur at their estimated costs of \$104,719 and \$5,000, respectively. However, the effect on the consolidated organization is unknown and beyond the scope of this report.

PERSONNEL:

Works proposes that consolidation would result in significant savings of overtime, exempt MCSD personnel from Social Security, and reconcile pay and benefit differences between the two departments' contracts. In view of the fact that the same geographic area, population, and criminal occurrences will be driving the demand for law enforcement services in the consolidated area, and that the consolidated department will have substantially the same quantity of officers, and that each individual department has significant overtime, i.e. no excess capacity, and that union contracts will be renegotiated in light of anticipated overtime, we find no reasonable expectation that costs would be saved through overtime. In regard to the same quantity of officers, the City stated that consolidation would allow 50-80 administrative or supervisory positions to be converted to patrol positions. However, the Phase I Report identifies the anticipated reduction in force of 78 sworn officer positions within IPD. Therefore, we find it reasonable to expect that the quantity of officers driving overtime will be substantially the same.

Also, Works proposes that consolidation would exempt MCSD personnel from Social Security. From conversations with the current and previous State Social Security Administrators and past experience with public safety Social Security coverage issues, we understand that the State Social Security Administrator, on his or her sole discretion, can call for a coverage referendum vote for the entire coverage group if significant interest exists within the group participants. The entire coverage group for the consolidated department would be the sworn personnel for both IPD and the MCSD. The decision is individual and complex based on each employee's particular circumstances of age, years from retirement, survivors, spouse's employment, previous Social Security covered employment, retirement goals, and options for retirement investments. It is our understanding that those employees earning a government pension under Social Security covered positions will draw both their pension and Social Security without adjustment. However, we further understand that when an employee earns a government pension under a position not covered by Social Security, but is otherwise vested in Social Security due to previous employment in a covered position, that their Social Security benefits may be subject to the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). Therefore, we would assume that a great deal of the MCSD sworn personnel would become subject to the GPO and WEP if consolidated and not subject to Social Security. Also, we would assume that a coverage referendum vote would be called and, not knowing the particular financial circumstances of the coverage group, we could not predict an outcome. If the coverage group voted for Social Security coverage, the City expense would increase approximately \$3.5 million annually. Therefore, we find no reasonable expectation that costs would be saved through Social Security.

Further, Works proposes costs associated with the reconciliation of pay and benefit differences between the two departments' contracts. We understand that personnel and their union realize the amount of earnings derived from overtime and the financial benefits and costs of Social Security coverage. Therefore, we believe that any costs or savings created through changes in overtime or Social Security coverage would be washed out in a renegotiated contract. We find no reasonable expectation that costs would be incurred through the reconciliation of contracts that would not be offset by overtime and Social Security coverage.

COSTS OF GOODS AND SERVICES:

Works proposes that 3% can be saved on the purchasing of supplies, services, and capital outlays. In light of the size of the MCSD budget and the resulting size of the consolidated law enforcement operation, we believe that well timed negotiated and bid purchases can result in quantity discounts. We find that potential savings of \$104,403, \$1,011,707, and \$260,692 could occur in the categories of Supplies, Services, and Capital Outlays, respectively. The total budget numbers from the Works proposal were adjusted down in supplies and services for the potential savings identified above to eliminate double counting.

Following is a summary table of potential annual savings.

POTENTIAL ANNUAL SAVINGS FROM CONSOLIDATION OF IPD AND MCSD

Management	\$ 250,000
Facilities	162,000
Support Services	234,219
Personnel	-
Cost of Goods and Services	<u>1,376,802</u>
Potential Annual Savings	<u><u>\$ 2,023,021</u></u>

END RESULT FINANCING AND TAX RATE ANALYSIS:

Staying with the Fire / EMS methodology of the original Works document, the following consolidates IPD and MCSD together in the traditional DLGF 16 Line Statement 18 month financial statement format. The projected consolidated financial statement does not include the Pre-1977 Pension Fund or non-property tax funds.

IPD has been adjusted for the 1977 pension expense, CCD appropriations attributable to IPD, Consolidated County General Fund appropriations attributable to IPD. The IPD General Fund needs to include 1977 pension contributions as pension contributions were budgeted from the IPD Pension Fund. IPD needs to be adjusted for the CCD appropriations made for the benefit of IPD. As this levy is spread across the Consolidated City, the rate is calculated on the Consolidated City assessed value rather than the IPD assessed value. Both these adjustments are calculated anticipating consistent expenditures and revenues across the 18 month period ending in a zero operating balance. The 16 Line statement data for the Funds of Consolidated County General, County General, and County CCD were derived by proportioning out individual appropriations against total appropriations by fund. The projected IPD/MCSD tax rate would be \$0.2763 after adjusted for potential savings and consolidation. The law enforcement tax rates prior to consolidation were \$0.5512 and \$0.1404 for IPD and MCSD, respectively, see page 28. The result is a nearly a 50% decrease for the IPD area and nearly a 97% increase for MCSD area.

**TAX RATE ESTIMATED FOR A CONSOLIDATED IPD & SHERIFF DISTRICT
BASED UPON 2004 BUDGET LEVIES, ADJUSTED TO REFLECT CONSOLIDATED SAVINGS AND COSTS**

<u>FUNDS</u>	<u>IPD SSD General</u>	<u>Adjustments For 1977 Pension</u>	<u>IPD From CCD</u>	<u>IPD From Consolidated County General</u>	<u>Sheriff From County General</u>	<u>Sheriff From County CCD</u>	<u>Consolidated IPD - Sheriff Budget</u>	<u>Potential Savings Adjustments</u>	<u>Consolidated Budget with Savings</u>
	(1)	(2)		(3)	(3)	(3)		(4)	
Budget Estimate	88,935,961	13,802,788	3,125,000	11,599,675	83,793,659	2,254,212	203,511,295	(2,023,021)	201,488,274
Exp. Jul - Dec	46,991,035	6,901,394	1,562,500	6,906,224	36,657,546	383,242	99,401,942		99,401,942
Add App Jul - Dec	-	-	-	18,053	2,398,439	-	2,416,492		2,416,492
Temporary Loans	15,181,656	-	-	25,614	17,115,462	1,778,803	34,101,535		34,101,535
Loans Not Paid	-	-	-	-	-	1,778,803	1,778,803		1,778,803
TOTAL EST EXP	151,108,652	20,704,182	4,687,500	18,549,567	139,965,106	6,195,061	341,210,067	(2,023,021)	339,187,046
Cash Balance June 30	16,314,757	-	-	4,666,018	6,321,654	(1,023,006)	26,279,423		26,279,423
Dec Tax Collection	34,212,324	6,273,995	1,420,455	3,766,511	38,581,688	3,783,849	88,038,820		88,038,820
Misc Rev Jul - Dec	28,094,681	627,399	142,045	2,626,957	18,234,417	331,209	50,056,709		50,056,709
Misc Rev Next Year	41,434,490	1,254,799	284,091	5,701,683	32,337,986	496,595	81,509,644		81,325,733
TOTAL FUNDS	120,056,252	8,156,193	1,846,591	16,761,169	95,475,745	3,588,647	245,884,597		245,700,686
NET AMOUNT REQUIRED	31,052,400	12,547,989	2,840,909	1,788,398	44,489,361	2,606,414	95,325,471	(1,839,110)	93,486,361
OPERATING BALANCE	4,664,285	0	(0)	2,291,576	653,429	591,087	8,200,377		8,200,377
EXCESS LEVY	-	-	-	-	-	-	-		-
TOTAL FUNDS REQUIRED	35,716,685	12,547,989	2,840,909	4,079,974	45,142,790	3,197,500	103,525,847		101,686,738
ASSESSED VALUE (2004)	11,748,909,685	11,748,909,685	36,808,011,015	39,498,980,565	39,498,980,565	39,498,980,565	36,808,011,015		36,808,011,015
TAX RATE	\$ 0.3040	\$ 0.1068	\$ 0.0077	\$ 0.0103	\$ 0.1143	\$ 0.0081	\$ 0.2813		\$ 0.2763

(1) Per 2004 Fund Reports of DLGF.

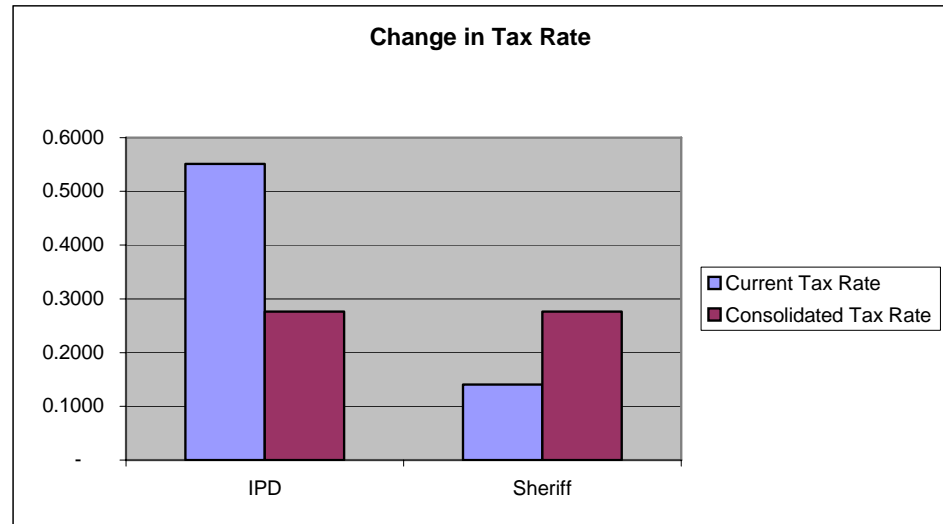
(2) Budget calculation based on contract salary and longevity and 1,192 sworn personnel.

(3) Proportioned by appropriations from the 2004 Fund Report of the DLGF.

(4) Potential Savings

COMPARISON OF CONSOLIDATED POLICE TAX RATES (without Pre-1977 Pension)

<u>Fund</u>	<u>IPD</u>	<u>Sheriff</u>
General	0.3040	-
1977 Pension	0.1068	-
Consolidated City CCD	0.0077	0.0077
Consolidated County General	0.0103	0.0103
County General	0.1143	0.1143
County CCD	0.0081	0.0081
Total 2004 IPD & Sheriff Rates	0.5512	0.1404
Consolidated Police Rate (without Pre-1977 Pension)	0.2763	0.2763
Increase (decrease)	(0.2750)	0.1358
Percentage	-49.88%	96.72%

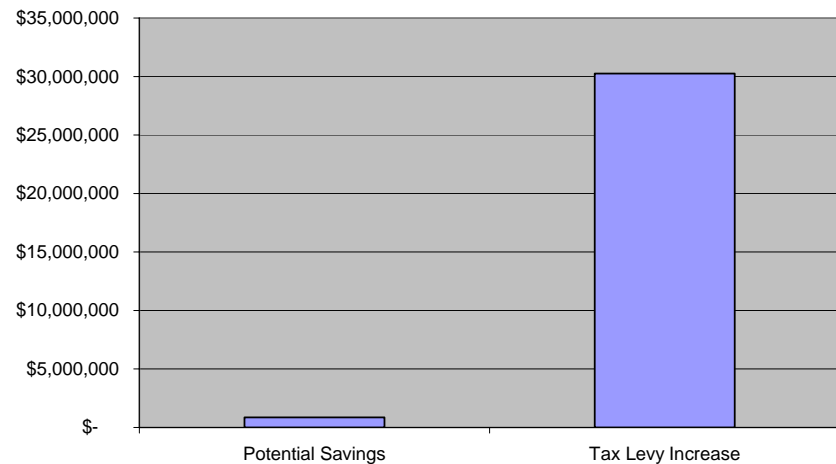


As the Sheriff's budget makes up approximately 42% of the total consolidated budget, theoretically, 42% of the potential savings would benefit the Sheriff's area. Approximately 42% of the potential savings equals approximately \$855,000. However, the increased levy outside the IPD area due to consolidation would increase approximately \$30 million. If 250 deputies cost \$20 million as cited in the Works proposal as needed for the area outside IPD, then the taxpayers outside IFD would be better off by approximately \$10 million annually to hire the deputies.

Allocation of Potential Savings and Increase in Levy Outside IPD

Sheriff Budget as % of Total	42.28%
Possible Cost Savings	<u>\$ 2,023,021</u>
Sheriff Portion of Possible Savings	<u>\$ 855,366</u>
Levy Outside IPD after Consolidation	\$ 69,228,904
Current Sheriff Levy Outside IPD	<u>\$ 38,969,740</u>
Increased Levy Outside IPD due to Consolidation	<u>\$ 30,259,164</u>

Taxpayers Outside IPD



TOWNSHIP CONSOLIDATION:

TRUSTEES AND BOARDS:

Works proposes the elimination of seven trustees and 47 township advisory board members. We find it reasonable to expect that the reductions in trustees and township boards could occur at their estimated costs. However, the effect is unknown and beyond the scope of this report.

RESIDUAL FUNCTIONS:

Works asserts that 75% of township General Fund spending after the elimination of trustees, boards, and small claims courts is mainly overhead and would be potential savings under the Works plan. Following is a question posed to the City and their answer.

Q: INDIANAPOLIS WORKS PROPOSAL:

Streamline Townships Provide sensibly located community resource centers around Marion County for the delivery of important services. The Overholt Memorandum of June 30, 2005 states on page 5 that “Citizens would not have to travel downtown to access services currently available in the townships because they would still be available through the community resource centers. *Therefore, would the existing township buildings be used as the community resource centers? If not what would be the cost of relocating community resource centers in each township?*

A: **We anticipate using existing township buildings for the community resource centers.**

We find that the use of the current township buildings as community resource centers does not allow for potential residual savings as those overhead costs would be the same overhead costs of the community resource centers.

COURTS:

Works asserts that the total administrative salaries of the small claims courts could be cut by one-third based on a caseload analysis. We requested and received a small claims court caseload analysis from the City. The following table was derived from that analysis and shows the number of new cases and staff, excluding judges for the years 2002 and 2001. We divided the number of cases by staff and determined the average cases handled per staff member. Also, we compared the average and median of the group to those townships below the average and median to determine the number of cases that could be handled if those staff rose to the average and median level. The number of cases under average and under median is less than the respective group average and group median in all four cases. Therefore, we find no reasonable expectation for the reduction of any administrative staff.

<u>Township</u>	<u>New Cases 2002</u>	<u>Small Claims Court Staff</u>	<u>Cases divided by Staff</u>	<u>Cases Under Average</u>	<u>Cases Under 1,383 Median</u>
Center	11,654	10	1,165	157	217
Decatur	7,397	6	1,233	90	150
Franklin	3,641	4	910	413	472
Lawrence	7,170	8	896	427	486
Perry	6,403	4	1,601		
Pike	9,679	7	1,383		
Warren	10,571	5	2,114		
Washington	7,428	5	1,486		
Wayne	8,810	6	1,468		
	<u>72,753</u>	<u>55</u>	<u>1,323</u>	<u>1,086</u>	<u>1,326</u>

<u>Township</u>	<u>New Cases 2001</u>	<u>Small Claims Court Staff</u>	<u>Cases divided by Staff</u>	<u>Cases Under Average</u>	<u>Cases Under 1,528 Median</u>
Center	10,427	6	1,738		
Decatur	6,614	5	1,323	240	205
Franklin	3,055	2	1,528	35	
Lawrence	8,526	6	1,421	142	107
Perry	6,170	4	1,543	20	
Pike	10,595	10	1,060	503	468
Warren	11,087	5	2,217		
Washington	9,132	6	1,522	41	6
Wayne	9,417	4	2,354		
	<u>75,023</u>	<u>48</u>	<u>1,563</u>	<u>983</u>	<u>785</u>

ASSESSORS:

Works asserts that potentially \$1.59 million could be saved by Marion County by assessing each parcel of property at the average cost per parcel of the cities of Minneapolis, Minn., Charlotte, N.C., and Nashville, Tenn. We find no reasonable expectation that costs would be saved through the consolidation of township assessor functions based on the following analysis.

Report from the Indianapolis Works Assessor Comparison

	Budgeted Expenditures	Number of Employees	Number of Parcels	Estimated Market Value	Cost per parcel
Charlotte - Mecklenburg County	\$ 6,206,367	64.0	320,000	\$ 50,930,862,000	\$ 19.39
Indianapolis - Marion County	\$ 10,742,046	184.0	357,018	\$ 41,827,846,000	\$ 30.09
Minneapolis	\$ 2,776,614	34.5	117,000	\$ 36,330,099,000	\$ 23.73
Nashville - Davison County	\$ 7,193,550	111.0	213,000	\$ 42,988,853,105	\$ 33.77
Average for three cities, not including Indianapolis	\$ 5,392,177	70.0	216,667	\$ 43,416,604,712	\$ 25.63

	Charlotte - Mecklenburg County	Indianapolis - Marion County	Minneapolis	Nashville - Davison County
Number of Parcels as a % of Indianapolis - Marion County	90%	100%	33%	60%

Findings on the Indianapolis Works Assessor Comparison

	Budgeted Expenditures	Number of Employees	Number of Parcels	Estimated Market Value (5)	Cost per parcel
Charlotte - Mecklenburg County (1)	\$ 6,324,929	103.0	326,000		\$ 19.40
Indianapolis - Marion County	\$ 8,177,424	136.0	357,366		\$ 22.88
Minneapolis (3)	\$ 11,663,448	145.5	390,485		\$ 29.87
Nashville - Davison County (4)	\$ 6,765,200	109.0	235,000		\$ 28.79
Average for all cities	\$ 8,232,750	123.4	327,213		\$ 25.16
Weighted average # of employees, excluding Indianapolis - Marion County		121.9			
Weighted average budgeted expenditures, excluding Indianapolis - Marion County	\$ 8,624,571				

(1) Source for budgeted expenditures is the Charlotte, Mecklenburgh County 2004 adopted budget. The source for the number of employees, and number of parcels is Mr. Garrett Alexander, Mecklenburg County Assessor.

(2) The budgeted expenditures equals the 2004 approved budgets by the State for the Township Assessors. Budgeted expenditures for the Reassessment Fund equals the 2004 property tax levy and miscellaneous revenues. We determined this amount to be appropriate because the State sets a property tax rate for the Reassessment Fund which limits the amount of property tax revenue to this fund. Therefore, in years that the County spends more than the amount of levy the tax rate set by the State generates, then the County is deficit spending in those years. We have excluded the County Assessor 2004 budgeted expenditures for two reasons. First, the Marion County Assessor is not responsible for the assessment of property. The Marion County Assessor's primary responsibility is to conduct the appeals function. Second, the Marion County Townships are assigned by statute 8 major County Auditor functions. Due to this realignment of duties, we believe that it is reasonable to eliminate the County Assessor's budget in comparing assessor functions to other jurisdictions. The following are the 2004 budgeted expenditures:

Township Assessors	\$ 6,203,361
Reassessment Fund, 2004 property tax and miscellaneous revenues	<u>\$ 1,974,063</u>
Totals for 2004 Assessing	<u>\$ 8,177,424</u>

The number of employees and parcels were obtained from the following offices:

	Employees	# of Parcels
Center Twp	32.0	74,149
Decatur Twp	8.0	10,967
Franklin Twp	13.0	18,794
Lawrence Twp	13.0	40,298
Perry Twp	13.0	38,453
Pike Twp	11.0	26,726
Warren Twp	13.0	39,724
Washington Twp	17.0	52,185
Wayne Twp	16.0	56,070
Totals	<u>136.0</u>	<u>357,366</u>

(3) The Minneapolis portion of Indianapolis Works did not include all of Hennepin County, Minnesota. According to the Hennepin County Assessor there are 46 separate assessment authorities for properties in Hennepin County. Of those, 23 assessment authorities have the Hennepin County Assessor assess there properties. The following shows the various assessing authorities in Hennepin County, with the 23 including in Hennepin County and the other 23 listed separately:

	Budgeted Expenditures	Number of Employees	Number of Parcels	Cost per parcel
Bloomington City	\$ 1,050,000	13.0	31,000	\$ 33.87
Brooklyn Center	\$ 270,400	3.0	8,900	\$ 30.38
Brooklyn Park	\$ 540,000	6.0	22,000	\$ 24.55
Champlin/Dayton	\$ 142,000	2.0	10,000	\$ 14.20
Corcoran		Included in Excelsior		
Dayton		Included in Champlin		
Deephaven/Wayzata/Woodland	\$ 85,000	1.0	3,400	\$ 25.00
Eden Prairie	\$ 584,545	7.0	21,484	\$ 27.21
Edina	\$ 740,000	8.0	21,000	\$ 35.24
Excelsior/Maple Plain/Medina/Minnka Bch/Corcoran	\$ 125,000	2.0	4,020	\$ 31.09
Long Lake	\$ 15,000	1.0	750	\$ 20.00
Maple Grove	\$ 585,000	9.0	22,000	\$ 26.59
Maple Plain		Included in Excelsior		
Medina		Included in Excelsior		
Minneapolis	\$ 2,776,614	34.5	120,000	\$ 23.14
Minnetonka	\$ 608,100	6.0	20,500	\$ 29.66
Minnetonka Beach		Included in Excelsior		
Plymouth	\$ 718,600	7.0	23,000	\$ 31.24
Robbinsdale	\$ 125,000	2.0	4,500	\$ 27.78
St. Bonifacius	\$ 18,000	1.0	958	\$ 18.79
St. Louis Park	\$ 395,000	4.0	15,000	\$ 26.33
Wayzata		Included in Deephaven		
Woodland		Included in Deephaven		
Hennepin County	\$ 2,885,189	39.0	61,973	\$ 46.56
Totals	\$ 11,663,448	145.5	390,485	\$ 29.87

Source of budgeted expenditures from the various jurisdictions 2004 budgets, number of employees from the various jurisdictions assessors, number of parcels from the various jurisdictions assessors.

(4) Source for budgeted expenditures, number of employees, and total parcels is from the Nashville/ Davidson County 2004 adopted budget.

(5) The estimated market values were for presentation purposes only in the Indianapolis Works report and not used in any projections. Therefore, we did not review the estimated market values.

The following shows the Indianapolis Works savings calculations and our savings calculations using Indianapolis Works methodology:

	Indianapolis Works	Revised from above
1. Savings(lincreased costs) per parcel method:		
Average cost per parcel	\$ 25.63	\$ 25.16
Marion County cost minus average cost	\$ 4.46	\$ (2.28)
Marion County parcels	357,018	357,366
Savings by cutting costs by \$4.46/parcel	\$ 1,592,300	
Increased costs of \$2.28/parcel		\$ (813,989.16)

Alternate methods:

2. Savings if cost reduced \$10 per "personal parcel" method:

Cost per parcel according to township assessors	\$ 21.95
Number of personal property reports	\$ 112,379
Personal property plus real property, including "dead" parcels	\$ 130,542
Cost to open envelopes and enter data from self-assessments	\$ 2,865,397
Savings if cost reduced to \$10 per "personal parcel"	\$ 1,559,977

The \$21.95 cost per parcel was obtained from the township assessors and included both real and personal property. This cost does not break out personal property from real property per parcel. We find no reasonable expectation that saving \$10 per parcel is achievable. However, from an accounting perspective, it seems highly unlikely that a consolidated assessing department would save 55.5% (\$11.95 divided by \$21.95) from a consolidated assessing department. As this method is only a hypothetical, if costs were reduced 55.5%, we have no reasonable expectation for this method.

3. Savings by reducing employees to other jurisdictions average method:

Average cost per employee - Marion County	\$ 58,381	\$ 60,128
Employees minus average number of employees	114	
Employees minus weighted average number of employees		14.1
Savings from eliminating 114 jobs	\$ 6,655,398	
Savings from eliminating 14 jobs		\$ 846,382

4. Savings by reducing budget to other jurisdictions average budgets method:

Average budget including reassessment	\$ 5,392,177	
Weighted average budgeted expenditures, excluding Indianapolis - Marion County		\$ 8,624,571
Marion County budget	\$ 10,742,046	\$ 8,177,424
Savings/(increased costs) by reducing budget to average budget	\$ 5,349,869	\$ (447,147)

Conclusions:

Savings method #1:

This method of determining costs of assessing property is the best at evaluating costs as this method utilizes the cost per parcel (budgeted expenditures divided by number of parcels). The Indianapolis Works report concluded that the average cost per parcel for the comparable jurisdictions was \$25.63. However, after evaluating the source data, we conclude that the average cost per parcel is \$25.16, and Indianapolis/Marion County's average cost per parcel is \$22.88. As discussed in note 2 above, we concluded that the Indianapolis Works report had higher budgeted expenditures and too many assessing employees. Also, the Minneapolis data from the Indianapolis Works report drastically changed the average cost per parcel.

Under this method, our revised figures shows that Indianapolis/Marion County's average cost per parcel is better than the average cost per parcel, or \$800,000 better based on parcel than the average in the group.

Re-cap of savings comparisons:

Indianapolis Works savings	\$	1,592,300
Revised savings.(increased costs)	\$	<u>(813,989)</u>
Difference in savings		<u>\$ 2,406,289</u>

Under this most appropriate method, the current assessing cost would be over \$2 million different than the Indianapolis Works report, and over \$800,000 less costly than the other comparable jurisdictions.

Savings method #2:

There is no data contained in the Indianapolis Works report that supports a 55.5% decrease in processing personal property returns. We have no reasonable expectation for this hypothetical method.

Re-cap of savings comparisons:

Indianapolis Works savings	\$	-
Revised savings	\$	<u>-</u>
Difference in savings		<u>\$ -</u>

Savings method #3:

We believe a better method of gauging the appropriate number of employees is a weighted average number of employees based on parcels. Based on a weighted average number of employees, a consolidated assessing department has a potential savings of more than \$800,000.

Re-cap of savings comparisons:

Indianapolis Works savings	\$	6,655,398
Revised savings	\$	<u>846,382</u>
Difference in savings	\$	<u>5,809,016</u>

Under this method, based on the source data and assumptions, the Indianapolis Works savings is \$5.8 million different than the revised figure.

Savings method #4:

The best method for evaluating budgeted expenditures is a weighted average based on parcels, excluding Indianapolis - Marion County. Based on a weighted average of budgeted expenditure, Indianapolis - Marion County's budget is over \$400,000 less than the weighted average. When you combine the results in methods 3 and 4, a conclusion is reached that Indianapolis -Marion County provides its assessing function for less money (weighted average expenditures) with more employees (weighted average number of employees).

Re-cap of savings comparisons:

Indianapolis Works savings	\$	5,349,869
Revised savings	\$	<u>(447,147)</u>
Difference in savings	\$	<u>5,797,016</u>

Under this method, based on the source data and assumptions, the Indianapolis Works savings is \$5.7 million different than the revised figure.

CITY-COUNTY GOVERNMENT CONSOLIDATION:

The City-County Government portion of the Works proposal identifies potential savings through the reorganization of the Departments of Auditor, County Human Resources, Controller, Purchasing, and Administration.

REORGANIZATION:

Works proposes reorganizing the above stated departments with the elimination of 10 employees. We find it reasonable to expect that the reductions stated could occur at their estimated costs based partly on the footnotes included on the computation. However, the effect on the consolidated organization is unknown and beyond the scope of this report.

**Comparison Schedule of Potential Savings
Indianapolis Works / Report**

	Potential Savings "Works"	Potential Savings "Report"	
<u>FIRE & EMS</u>			
Personal Services	13,398,701	1,922,958	
Supplies	1,154,480	545,303	
Other Services & Charges	2,914,518	2,233,482	
Capital Outlay	2,093,608	(4,515,915)	
Purchasing/Efficiency	594,686	1,132,584	
Overtime	600,000	-	*Included in Personal Services
Fire & EMS Total	<u>20,755,993</u>	<u>1,318,413</u>	
<u>POLICE & MCSD</u>			
Management	250,000	250,000	
Facilities	1,250,000	162,000	
Support Services	2,800,000	234,219	
Personnel	2,836,000	-	
Purchasing/Efficiency	1,389,000	1,376,802	
Police & MCSD Total	<u>8,525,000</u>	<u>2,023,021</u>	
<u>TOWNSHIP</u>			
Trustees & Boards	656,775	656,775	
Assessors	1,592,300	-	
Small Claims Courts	524,541	-	
Township Residual	2,803,222	-	
Township Total	<u>5,576,838</u>	<u>656,775</u>	
<u>CITY / COUNTY</u>			
Personal Services	549,776	549,776	
Supplies	14,902	14,902	
Other Services & Charges	271,117	271,117	
Capital Outlay	30,057	30,057	
City / County Total	<u>865,852</u>	<u>865,852</u>	
TOTAL	<u><u>35,723,683</u></u>	<u><u>4,864,061</u></u>	

**Schedule of the Location of Differences between
Indianapolis Works / Report**

<u>Differences</u>	<u>Location in Works</u>	<u>Location in Report</u>
Overall tax savings claimed versus tax shift to outside areas	Property Tax Benefits Graphs and Charts, no page numbers	pages 3-5
2004 "Actual Tax Rates" stated in Works not matching actual 2004 tax rates	Property Tax Benefits Chart, no page number	page 5
2004 "Pro Forma" Tax Rates producing ~\$49.7 million levy reduction	Property Tax Benefits Chart, no page number	page 5
Inclusion of EMS for comparative purposes	Fire Charts: pages 1-6	pages 6-9, & 11-22
Omitted IFD capital appropriations from CCD & CCI	Fire Charts: page 1 & page 2, footnote 4	pages 6, 8, 14, 15, & 18
Omitted township capital appropriations for Decatur Township	Fire Charts: page 1 & page 2, footnote 4	pages 6, 8, 14, 15, & 18
Township's 1977 pension estimate understated	Fire Charts: page 1 & page 2, footnote 3	pages 6, 7, 8, 12, 13, 15, & 18
Township's employee benefits overstated	Fire Charts: page 1 & page 2, footnote 2	pages 6, 8, 12, & 15
Township's 1937 pension estimate overstated	Fire Charts: page 1	pages 6, 8, & 15
Township's number of employees understated	Fire Charts: page 2	pages 9, 12, 13, & 14
Fire staffing insufficient for parameters given	Fire Charts: page 2	pages 9-14
Omitted 2004 financial data for Pike Township	Fire Charts: page 5	pages 16-17
Insufficient Fire & EMS funding model for future operations	Fire Charts: page 5	pages 16, & 19
Omitted IFD property tax rate for CCD	Fire Charts: page 6	pages 16, 18, & 20
Understated Fire & EMS tax rates	Fire Charts: page 6	pages 16, 20, & 21
Cost of ambulance service in Works versus cost neutrality	Policy Analytics, LLC memo of March 29, 2005	pages 21-22
Use of Townships ~\$30 million for Fire & EMS operations	Policy Analytics, LLC memo of March 29, 2005	page 22
Closure of Police/MCSD facilities	Police Consolidation Savings Estimate, no page numbers	page 24
Elimination of certain support services for Police/MCSD	Police Consolidation Savings Estimate, no page numbers	page 24
Reduction in Police/MCSD personnel costs	Police Consolidation Savings Estimate, no page numbers	page 25
Omission of Police/MCSD financing model	Omitted from Police Consolidation Savings Estimate	page 26-28
Omission of Police/MCSD tax impact	Omitted from Police Consolidation Savings Estimate	page 26-28
Potential Police/MCSD savings compared to property tax levy increase	Police Consolidation Savings Estimate, no page numbers	page 29
Township overhead needed for Community Resource Centers	Township residual functions/savings, no page numbers	page 30
Township Court case analysis not supporting reductions in staff	Township Small Claims Courts, no page numbers	page 31
Township Assessor budgets overstated	Township Assessors, no page numbers	pages 33 & 35-37
Township Assessor employee numbers overstated	Township Assessors, no page numbers	pages 33-35, & 37
Township Assessor comparatives understated	Township Assessors, no page numbers	pages 33-37